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State Dept. review completed

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SUMMARY

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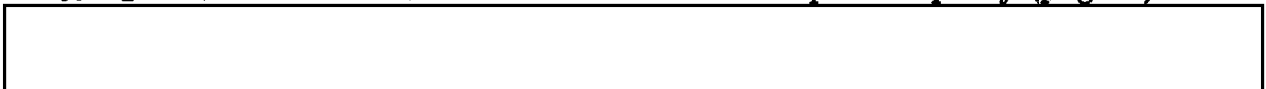
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GENERAL

1. India desires to avoid substantive UN discussions on Korea:

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[REDACTED] Indian UN delegate Krishna Menon informed the United States delegation on 23 November that his government does not want a full-dress debate on Korea during the present UN session, according to Ambassador Lodge. New Delhi will seek to avoid such discussions by introducing a resolution leaving to the three chairmen of the Geneva talks--Molotov, Eden and Prince Wan--the exploration of further possibilities for dealing with the Korean problem.

Menon argued that the Indian resolution would help the United States "keep President Rhee in line" by showing the UN's continued interest in Korea. Rhee, he said, would "raise trouble" if the General Assembly completely dropped the Korean question.

Comment: This move reflects Prime Minister Nehru's belief that nothing can be done now regarding the unification of Korea and that time is needed for the reduction of forces on both sides to be completed and for tensions to abate.

Any resolution which avoids substantive discussion of the Geneva conference report will reduce the chances of a rift among the 15 Western nations which fought in Korea. Rhee probably will denounce the arrangement but accept it in the long run as it would forestall the possibility of UN-supervised all-Korean elections in the foreseeable future.

SOVIET UNION

2. Revised estimates reflect continued expansion of Soviet submarine construction:

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[REDACTED] It is now estimated that the Soviet Union's expanded construction facilities and fuller productivity of shipyards newly incorporated into the submarine program will enable the USSR to build 68 long-range submarines in 1955. In March 1954 it was estimated that only 45 submarines would be built during 1955.

Since the first postwar submarine was launched at Gorky in 1950, an estimated 99 snorkel-equipped long-range submarines of the "Z" and "W" classes have been launched.

In addition the Soviet Union is constructing a new type of medium-range submarine, designated the "Q" class by Western intelligence officials, of which three have been launched to date.

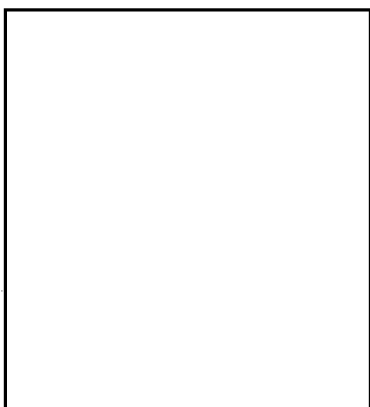
With a total of 177 long-range and 45 medium-range submarines, the USSR already has the capability of interrupting or seriously interdicting maritime communications between the United States, Britain and Western Europe.



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FAR EAST

3. Yoshida defeat seen in formation of new Japanese party:



The formation of the anti-Yoshida Japan Democratic Party on 24 November, with an initial Diet membership of 124, virtually ends Prime Minister Yoshida's chances of defeating a no-confidence vote when the Diet opens next week. It also probably makes a merger of conservative parties impossible. The Left and Right Socialists, with a combined strength of 134, have indicated that they will vote with the new party. The combined votes of the new party and the Socialists would total 258, more than enough to defeat Yoshida in the 466-man Diet.

Ichiro Hatoyama would be the new party's candidate for premier, with Mamoru Shigemitsu serving as deputy



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prime minister or foreign minister. Kishi, a wartime Tojo cabinet minister

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appears to hold the balance of power in the new party and would be the most influential figure in any future Hatoyama government.

Should the Democrats come to power, with the help of the Socialists, they would be expected to follow a more opportunistic policy in dealing with the United States and the Communist Orbit and might under certain conditions adopt a neutralist line.

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SOUTHEAST ASIA

5. Communist attack on army post in northern Laos emphasizes problem of disputed provinces:

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The American legation in Vientiane notes that a Communist attack on a Laotian army outpost in Phong Saly Province on 20 November was the first to occur since

the supposed withdrawal of Viet Minh troops. Viet Minh and Pathet Lao troops participated, according to a high-ranking Laotian official, and the government is protesting the matter to the international commission.

The legation, noting the commission's past ineffectiveness, believes that when the new Laotian government takes office it should, if all other means fail, assert its authority over the two northern provinces by force.

Comment: The thorny problem of administrative authority in these provinces--designated at Geneva as Pathet Lao concentration areas under royal government control--has been side-stepped by the commission, and Laotian officials have made only weak protests. Laotian premier-designate Katay, who may take office in a few days, has, however, proclaimed his intent to re-establish royal authority in the northern provinces as one of his first acts. It is generally accepted that as time passes the Pathet Lao will increase in strength.

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WESTERN EUROPE

7. Comment on pro-Communist victory in Icelandic labor federation:

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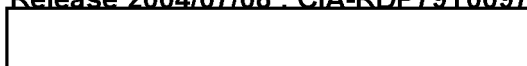


Communists and left-wing Social Democrats who strongly oppose the presence of American troops in Iceland under the 1951 defense agreement have been elected

leaders of the 26,000-member Icelandic Federation of Labor.

Their victory increases the prospects for politically motivated strikes at the American-manned Keflavik air base and other defense construction projects in Iceland.

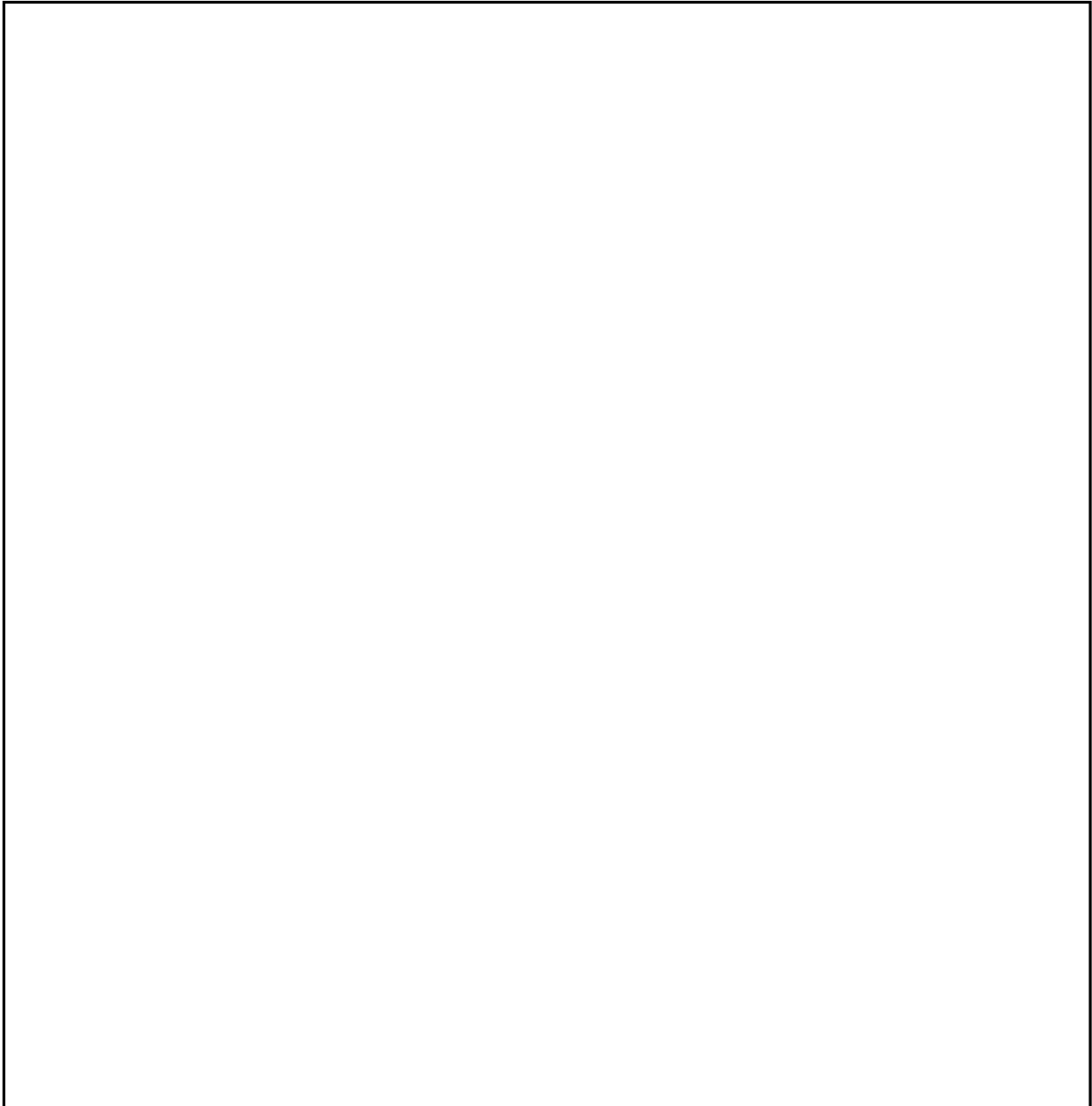
The Social Democratic Party, smallest of the four major political parties, is now deeply divided, and a bitter internal quarrel among trade union elements seems likely. This would further weaken non-Communist political elements in Iceland.



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Hannibal Valdimarsson, newly elected president of the Federation of Labor, was ousted as chairman of the Social Democratic Party in September primarily because he favored Communist activities. His election will enhance the prestige of the Communist Party, which polled about 16 percent of the popular vote in the June 1953 general election.

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